

BANK INDONESIA REGULATION
NUMBER 16/16/PBI/2014
CONCERNING
FOREIGN EXCHANGE TRANSACTIONS AGAINST RUPIAH
BETWEEN BANKS AND DOMESTIC PARTIES

BY THE GRACE OF GOD ALMIGHTY

GOVERNOR OF BANK INDONESIA,

- Considering:
- a. that the purpose of Bank Indonesia is to achieve and maintain the stability of Rupiah;
 - b. that the stability of Rupiah which among other is influenced by the stability of Rupiah exchange rate requires the support of a healthy financial market, in particular domestic foreign exchange market in order to maintain the sustainability of national economic activities;
 - c. that to maintain the sustainability of the national economic activities it requires efforts to deepen domestic foreign exchange market by giving flexibility to economic actors in performing foreign exchange transactions against Rupiah;
 - d. that the role of Bank Indonesia is required to encourage the deepening of foreign exchange market through a comprehensive regulation, particularly in relation to the foreign exchange transactions against Rupiah performed between banks and domestic parties;
 - e. that based on considerations as referred to in letter a, letter b, letter c, and letter d, it is necessary to establish Bank Indonesia Regulation concerning Foreign Exchange Transactions against Rupiah between Banks and Domestic Parties;

In view ...

- In view of:
1. Act Number 23 Year 1999 concerning Bank Indonesia (State Gazette of The Republic of Indonesia Year 1999 Number 66, Supplement to the State Gazette of The Republic of Indonesia Number 3843) as amended several time most recently by Act Number 6 Year 2009 concerning Stipulation of Government Regulation in Lieu of Act Number 2 Year 2008 on the Second Amendment to Act Number 23 Year 1999 concerning Bank Indonesia to become Act (State Gazette of The Republic of Indonesia Year 2009 Number 7, Supplement to the State Gazette of The Republic of Indonesia Number 4962);
 2. Act Number 24 Year 1999 concerning Foreign Exchange Flow and Exchange Rate System (State Gazette of The Republic of Indonesia Year 1999 Number 67, Supplement to the State Gazette of The Republic of Indonesia Number 3844);

DECIDES:

To issue: BANK INDONESIA REGULATION CONCERNING FOREIGN EXCHANGE TRANSACTIONS AGAINST RUPIAH BETWEEN BANKS AND DOMESTIC PARTIES.

CHAPTER I
GENERAL PROVISION

Article 1

In this Bank Indonesia Regulation what is meant by:

1. Banks are Commercial Banks as referred to in Act Number 7 Year 1992 concerning Banking as amended by Act Number 10 Year 1998 and Sharia Banks and Sharia Business Units as referred to in Act Number 21 Year 2008 concerning Sharia Banking, including branch offices of Banks

domiciled ...

domiciled abroad although not including the offices of Commercial Banks and Sharia Banks incorporated in Indonesia operating in foreign countries.

2. Customers are:
 - a. individuals who have Indonesian citizenship; or
 - b. business entities other than Banks of Indonesia's legal entities, domiciled in Indonesia, and have a Tax Number (*Nomor Pokok Wajib Pajak-NPWP*).
3. Foreign Exchange Transactions against Rupiah are sale/purchase transactions of foreign currencies against Rupiah in the form:
 - a. spot transactions, including transactions performed by today and/or tomorrow;
 - b. standard (plain vanilla) foreign exchange derivative transactions against Rupiah in the form of forward, swap, option, and other equivalent transactions.
4. Underlying Transactions are activities underlying the purchase or sale of foreign currencies against Rupiah.
5. Spot transactions are sale/purchase transactions of foreign currencies against Rupiah whereas the delivery of funds shall be performed within 2 (two) business days after the transaction date. Including in the definition of Spot Transactions is transaction with the same day (today) delivery or with 1 (one) business day (tomorrow) delivery after the transaction date.
6. Derivative Transactions are transactions based on a contract or payment agreement whose values are derivative of exchange rate in the form of forward, swap, option transactions of foreign exchange against Rupiah and other transactions equivalent thereto.

CHAPTER II TRANSACTION

Part One

Foreign Exchange Transactions against Rupiah

Article 2

- (1) Banks can perform Foreign Exchange Transactions against Rupiah for the interest of selves or for the interest of domestic parties on the basis of a contract.
- (2) In performing Foreign Exchange Transactions against Rupiah as referred to in paragraph (1), Banks must have written internal guidelines.
- (3) In performing Foreign Exchange Transactions against Rupiah with Customers, Banks must use quotation / foreign currency exchange rates against Rupiah set forth by Banks.

Article 3

- (1) Foreign Exchange Transactions against Rupiah performed by Banks with Customers above the threshold must have Underlying Transactions.
- (2) Underlying Transactions as referred to in paragraph (1) include all following activities:
 - a. trades of goods and services, both domestic and overseas; and/or
 - b. investments in the form of direct investment, portfolio investment, loans, capitals, and other investments both domestic and overseas.
- (3) Underlying Transactions as referred to in paragraph (1) excluding:
 - a. placement of funds in the Banks among others in the form of savings, demand deposits, time deposits, and Negotiable Certificate of Deposit (NCD); and
 - b. activities of transferring funds by funds transfer companies.

Part Two

Spot Transactions between Banks and Customers

Article 4

- (1) Threshold as referred to in Article 3 paragraph (1) for the purchase of foreign currencies against Rupiah by Customers to Banks through Spot Transactions is USD100,000.00 (one hundred thousand US Dollar) or its equivalent per month per Customer.
- (2) Purchases of foreign currencies against Rupiah by Customers to Banks as referred to in paragraph (1) are not to exceed the nominal value of the Underlying Transactions.
- (3) In the event the nominal value of Underlying Transactions as referred to in paragraph (2) not in multiples of USD10,000.00 (ten thousand US Dollar), a rounding up may be performed against the nominal value of Underlying Transactions in multiples of USD10,000.00 (ten thousand US Dollar).

Part Three

Derivative Transactions between Banks and Customers

Article 5

- (1) Threshold as referred to in Article 3 paragraph (1) for the purchase of foreign currencies against Rupiah by Customers to Banks through Derivative Transactions is USD100,000.00 (one hundred thousand US Dollar) or its equivalent per month per Customer.
- (2) Threshold as referred to in Article 3 paragraph (1) for the sale of foreign currencies against Rupiah by Customers to Banks through forward or option transactions is USD1,000,000.00 (one million US Dollar) or its equivalent per transaction per Customer.
- (3) Purchases and sales of foreign currencies against Rupiah by Customers to Banks as referred to in paragraph (1) and paragraph (2) are not to exceed the nominal value of the Underlying Transactions.

- (4) In the event the nominal value of the Underlying Transactions as referred to in paragraph (3) not in multiples of USD10,000.00 (ten thousand US Dollar, a rounding up against the nominal value of the Underlying Transaction referred to can be made in multiples of USD10,000.00 (ten thousand US Dollar).
- (5) Term of Derivative Transactions is not to exceed the term of the Underlying Transactions.

Article 6

- (1) The obligation to have Underlying Transactions for purchasing foreign currencies against Rupiah by Customers to Banks through Spot Transactions and/or Derivative Transactions above USD100,000.00 (one hundred thousand US Dollar) or its equivalent per month per Customer is not applicable for settlements of initial Derivative Transactions performed through:
 - a. roll over provided that the roll over of transactions shall not exceed with the term of the initial Underlying Transactions;
 - b. early termination; or
 - c. unwinding of transactions.
- (2) The obligation to have Underlying Transactions for purchasing foreign currencies against Rupiah by Customers to Banks through forward or option transactions above USD1,000,000.00 (one million US Dollar) or its equivalent per transaction per Customer is not applicable for settlements of initial Derivative Transactions performed through:
 - a. roll over, provided that the roll over of transactions shall not exceed the term of the initial Underlying Transactions;
 - b. early termination; or
 - c. unwinding of transactions.

Part Four

Foreign Exchange Transactions against Rupiah between Banks

Article 7

Foreign Exchange Transactions against Rupiah between Banks do not require Underlying Transactions.

CHAPTER III

SETTLEMENTS OF TRANSACTIONS

Article 8

- (1) Settlements of Spot Transactions between Banks and Customers, and inter Banks must be performed by full movement of funds.
- (2) Settlements of Derivative Transactions between Banks and Customers, and inter Banks can be performed by netting or by full movement of funds.
- (3) Settlements of Derivative Transactions between Banks and Customers, and inter Banks that may be performed by netting as referred to in paragraph (2) are only applicable for transactions roll over, early termination, and unwinding.

Article 9

Settlements of Foreign Exchange Transactions against Rupiah performed by Money Changers and travel agents for the interests of their customers must be done by full movement of funds.

Article 10

- (1) Settlements of Derivative Transactions between Banks and Customers, by netting as referred to in Article 8 paragraph (3) for transactions of foreign currencies purchases against Rupiah not exceeding USD100,000.00 (one hundred thousand US Dollar) may be performed provided that they are

supported ...

supported by Underlying Transactions from the initial Derivative Transactions.

- (2) Settlements of forward or option Transactions between Banks and Customers by netting as referred to in Article 8 paragraph (3) for transactions of foreign currencies purchase against Rupiah not exceeding USD1,000,000.00 (one million US Dollar) may be performed provided that they are supported by Underlying Transactions from the initial Derivative Transactions.
- (3) In case at the settlements of Foreign Exchange Transactions against Rupiah as referred to in paragraph (1) and paragraph (2) Customers are not able to submit Underlying Transactions documents, the settlements of Foreign Exchange Transactions against Rupiah shall be performed by full movement of funds.

CHAPTER IV DOCUMENTS OF TRANSACTIONS

Part One

Types of Underlying Transaction Documents

Article 11

- (1) Types of Underlying Transaction documents shall be determined by Bank Indonesia.
- (2) The determination on types of documents as referred to in paragraph (1) shall be arranged further in Bank Indonesia Circular.

Article 12

- (1) In the event the purchase of foreign currencies against Rupiah to Banks is above USD100,000.00 (one hundred thousand US Dollar) or its equivalent per month per Customer as referred to in Article 4 paragraph (1) and Article 5 paragraph (1), Banks must ensure Customers submitting the following documents:

a. Underlyin ...

- a. Underlying Transactions documents that can be accounted for, both final and the estimated form;
 - b. supporting documents in the form of:
 - 1. photocopies of Customers' ID and Tax Number (NPWP); and
 - 2. written statements duly stamped, signed by the authorized party of the concerned Customers or authenticated written statement from the Customers containing information on:
 - a) the authenticity and validity of the Underlying Transaction documents as referred to in letter a, and the utilization of Underlying Transaction documents for the purchase of foreign currencies against Rupiah shall not exceed the nominal value of Underlying Transactions in banking system in Indonesia; and
 - b) the total needs, purpose of utilization, and date of foreign currencies utilization, in case the Underlying Transaction documents as referred to in letter a in the estimated form.
- (2) In the event Customers make foreign currencies purchases against Rupiah to Banks through forward or option Transactions above USD1,000,000.00 (one million US Dollar) or its equivalent per Transaction per Customer as referred to in Article 5 paragraph (2), Banks must ensure Customers submitting documents as follows:
- a. Underlying Transaction documents that can be accounted for, both final and the estimated form; and
 - b. supporting documents in the form of written statements duly stamped, signed by the authorized party of the concerned Customers or authenticated written statement from the Customers containing information on:
 - 1. the authenticity and validity of Underlying Transaction documents as referred to in letter a;
 - 2. the utilization of Underlying Transaction documents for the sale of foreign currencies against Rupiah shall not exceed the nominal value of Underlying Transactions in the banking system in Indonesia; and

3. source of funds, sales amount, and time in receiving the foreign currencies, in case the Underlying Transactions documents as referred to in letter a are in the estimated form.
- (3) In the event Customers make foreign currencies purchases against Rupiah to Banks not exceeding USD100,000.00 (one hundred thousand US Dollar) or its equivalent per month per Customer as referred to in Article 4 paragraph (1) and Article 5 paragraph (1), Banks must ensure Customers submitting documents in the form of written statements duly stamped or authenticated written statements from Customers declaring that the purchase of foreign currencies against Rupiah not exceeding USD100,000.00 (one hundred thousand US Dollar) or its equivalent per month per Customer in the banking system in Indonesia.
- (4) In the event Customers conduct foreign currencies sales against Rupiah to Banks through forward and option transactions not exceeding USD1,000,000.00 (one million US Dollar) or its equivalent per transaction per Customer as referred to in Article 5 paragraph (2), there will be no obligations for Customers to submit any document.
- (5) In the event Customers perform settlements of transactions by netting for Derivative Transactions of foreign currencies purchases against Rupiah not exceeding USD100,000.00 (one hundred thousand US Dollar) as referred to in Article 10 paragraph (1), Banks must make sure the Customers submitting documents as referred to in paragraph (1).
- (6) In the event Customers perform settlements of transactions by netting for Transactions of foreign currencies sales against Rupiah through forward and option Transactions not exceeding USD1,000,000.00 (one million US Dollar) as referred to in Article 10 paragraph (2), Banks must make sure the Customers submitting documents as referred to in paragraph (2).

Part Two

Submission of Underlying Transaction Documents

Article 13

- (1) Banks shall ensure Customers submitting Underlying Transaction documents and/or supporting documents of Foreign Exchange

Transaction ...

Transactions against Rupiah for every transaction on the date of transactions.

- (2) In the event Banks have known the track record of the Customers well, and the Customers submit final Underlying Transaction documents, Banks can receive supporting documents of Foreign Exchange Transactions against Rupiah submitted by the Customers regularly.
- (3) Banks may receive supporting documents of Foreign Exchange Transactions against Rupiah submitted by the Customers for foreign currencies purchases against Rupiah not exceeding USD100,000.00 (one hundred thousand US Dollar) or its equivalent per month per Customer as referred to in Article 12 paragraph (3) regularly.
- (4) Underlying Transaction documents and/or supporting documents as referred to in paragraph (1) for Spot Transactions must be received by Banks no later than the value date.
- (5) Underlying Transaction documents and/or supporting documents as referred to in paragraph (1) for Derivative Transactions must be received by Banks no later than 5 (five) business days after the date of transactions.
- (6) In the event Derivative Transactions as referred to in paragraph (5) have a maturity date less than 5 (five) business days after the date of transactions, the Underlying Transaction documents and/or supporting documents of the Derivative Transactions must be received by Banks no later than the date of maturity.
- (7) Submission of Underlying Transaction documents and supporting documents of Derivative Transactions up to the threshold settled by netting must be received by Banks no later than:
 - a. on the value date in the event the transactions' roll over, early termination, and unwinding performed through Spot Transactions;
 - b. 5 (five) business days after the date of transactions in the event of roll over, early termination, and unwinding performed through Derivative Transactions; or
 - c. on maturity date in the event of roll over, early termination, and unwinding performed through Derivative Transactions that have

maturity ...

maturity date less than 5 (five) business days after the date of transactions.

Article 14

- (1) Banks must administer Underlying Transaction documents and/or supporting documents as referred to in Article 12 paragraph (1), Article 12 paragraph (2), and Article 12 paragraph (3).
- (2) The administration of Underlying Transactions and/or supporting documents as referred to in paragraph (1) constitutes part of written internal guidelines of Banks in performing Foreign Exchange Transactions against Rupiah as referred to in Article 2 paragraph (2).

CHAPTER V

REPORTING OF TRANSACTIONS

Article 15

In regard to reporting of Foreign Exchange Transactions against Rupiah, Banks shall refer to the provision that governs daily reports of commercial banks.

CHAPTER VI

PROHIBITION ON TRANSACTIONS FOR BANKS

Article 16

- (1) Banks are prohibited from performing Foreign Exchange Transactions against Rupiah if the transactions or the potential transactions are associated with structured products.
- (2) The prohibition as referred to in paragraph (1) is applicable for Banks acting as issuers of structured products or Banks as selling agents of structured products.

Article 17

- (1) Banks are prohibited from providing Lending or Financing in foreign currencies and/or in Rupiah to Customers for the interest of Derivative Transactions.
- (2) The prohibition of lending or financing in foreign currencies and/or in Rupiah as referred to in paragraph (1) is exempted for Derivative Transactions performed for the purpose of export and/or import activities.
- (3) Lending or Financing in foreign currencies and/or in Rupiah for Derivative Transactions conducted for the purpose of export and/or import activities as referred to in paragraph (2) must be supported by documentary evidences that can be accounted for.

Article 18

- (1) Banks are prohibited from providing overdrafts to Customers for the purpose of Foreign Exchange Transactions against Rupiah.
- (2) Banks are prohibited from providing other facilities equivalent to the overdrafts as referred to in paragraph (1) for the purpose of Foreign Exchange Transactions against Rupiah.

CHAPTER VII

SANCTIONS

Article 19

Banks that violate provisions as referred to in Article 2 paragraph (2), Article 2 paragraph (3), Article 12 paragraph (3), and Article 14 paragraph (1) shall be imposed with an administrative sanction in the form of a written warning.

Article 20

- (1) Banks that violate provisions as referred to in Article 3 paragraph (1), Article 4 paragraph (2), Article 5 paragraph (3), Article 5 paragraph (5), Article 8 paragraph (1), Article 9, Article 12 paragraph (1), Article 12

paragraph ...

- paragraph (2), Article 12 paragraph (5), Article 12 paragraph (6), Article 13 paragraph (4), Article 13 paragraph (5), Article 13 paragraph (6), Article 13 paragraph (7), Article 16, Article 17, and Article 18 shall be imposed an administrative sanction of a written warning and a financial penalty of 1% (one percent) from the nominal value of the violated transactions for every violation, with a total penalty of Rp10.000.000,00 (ten million Rupiah) at minimum and of Rp1.000.000.000,00 (one billion Rupiah) at maximum.
- (2) Calculation of nominal values of the violated Transactions as referred to in paragraph (1) shall be regulated as follows:
- a. the difference between the total nominal value of Foreign Exchange Transactions against Rupiah and the threshold for meeting the obligation of Underlying Transactions; or
 - b. the total nominal value of Foreign Exchange Transactions against Rupiah that are not supported by Underlying Transactions in the event the nominal value of the Transactions below the threshold but the settlements of transactions conducted by netting.
- (3) Calculation of nominal values of the violated Transactions for Article 17 and Article 18 shall be regulated as follows:
- a. violations of Lending or Financing as referred to in Article 17, shall be calculated from the value of Lending or Financing agreement used for Derivative Transactions; and
 - b. violations of prohibition from providing overdrafts and/or other facilities equivalent to the overdrafts as referred to in Article 18, shall be calculated from the value of overdrafts and/or other facilities equivalent to the overdrafts provided by Banks to Customers.
- (4) Calculation of financial penalties as referred to in paragraph (1) shall use Jakarta Interbank Spot Dollar Rate (JISDOR) on the date of violations.

CHAPTER VIII
TRANSITIONAL PROVISIONS

Article 21

- (1) Banks that have already performed Foreign Exchange Transactions against Rupiah with domestic parties prior to the application of this Regulation of Bank Indonesia, may continue the referred Transactions up to the maturity date of the Transactions.
- (2) Derivative Transactions performed prior to the application of this Regulation of Bank Indonesia and have maturity date after the applicable of this Regulation of Bank Indonesia, their settlements can be done by netting for transactions:
 - a. roll over, provided that the term of the roll over not exceeding the term of the initial Underlying Transactions;
 - b. early termination; or
 - c. unwinding.
- (3) Arrangement for settlements of netting transactions as referred to in paragraph (2) shall refer to this Regulation of Bank Indonesia.
- (4) Customers that have conducted foreign currencies sales against Rupiah through forward or option Transactions above USD1,000,000.00 (one million US Dollar) prior to the application of this Regulation of Bank Indonesia and have maturity dates after this Regulation of Bank Indonesia is applicable, are not subject to obligation to submit Underlying Transaction documents and supporting documents.
- (5) The submission of Underlying Transaction documents and/or supporting documents for Derivative Transactions performed prior to the application of this Regulation of Bank Indonesia and have maturity dates after this Regulation of Bank Indonesia is applicable, can be done no later than the maturity dates of the referred Transactions.

CHAPTER IX
CLOSING PROVISION

Article 22

The implementing regulation of this Regulation of Bank Indonesia shall be governed further in Bank Indonesia Circular.

Article 23

At the time this Bank Indonesia Regulation comes into force:

- a. Bank Indonesia Regulation Number 10/28/PBI/2008 concerning Foreign Currencies Purchases against Rupiah to Banks (State Gazette of The Republic of Indonesia Year 2008 Number 172, Supplement to the State Gazette Number 4921);
- b. Bank Indonesia Regulation Number 10/37/PBI/2008 concerning Foreign Exchange Transactions against Rupiah (State Gazette of The Republic of Indonesia Year 2008 Number 198, Supplement to The State Gazette Number 4945); and
- c. Bank Indonesia Regulation Number 11/14/PBI/2009 concerning Amendment to Bank Indonesia Regulation Number 10/37/PBI/2008 on Foreign Exchange Transactions against Rupiah (State Gazette of The Republic of Indonesia Year 2009 Number 67, Supplement to the State Gazette of The Republic of Indonesia Number 5003);

are revoked and declared not applicable.

Article 24

This Regulation of Bank Indonesia comes into force on 10 November 2014.

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For public cognizance, ordering the promulgation of this Regulation of Bank Indonesia by placing it in the State Gazette of The Republic of Indonesia.

Issued in Jakarta

on 7 September 2014

GOVERNOR OF BANK INDONESIA,

AGUS D. W. MARTOWARDOJO

Enacted in Jakarta

on 17 September 2014

MINISTER OF LAW AND HUMAN RIGHTS

REPUBLIK INDONESIA,

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2014

NUMBER 212

DPM

ELUCIDATION
ON
BANK INDONESIA REGULATION
NUMBER 16/16/PBI/2014
CONCERNING
FOREIGN EXCHANGE TRANSACTIONS AGAINST RUPIAH
BETWEEN BANKS AND DOMESTIC PARTIES

I. GENERAL

As a central bank, mandated by law to carry out the purpose in achieving and maintaining the stability of Rupiah, Bank Indonesia has formulated various policies intended for the achievement of such purpose including efforts to encourage the deepening of financial market in particular domestic foreign exchange market. The deepening of domestic foreign exchange market constitutes a measure that needs to be conducted through the provision of clearer transaction guidelines and flexibility for economic actors in performing foreign exchange transactions to support national economic activities. In connection with that, Bank Indonesia needs to make improvements to the regulations related to Foreign Exchange Transactions against Rupiah between Banks and Domestic Parties, through a comprehensive regulation to minimize Foreign Exchange Transactions against Rupiah that is speculative in manner and remains to continue in supporting the activities' smoothness in the real sector.

II. ARTICLE BY ARTICLE

Article 1

Self explanatory

Article 2

Paragraph (1)

Domestic Parties include Customers and Banks.

What is meant by “contract” is a written confirmation indicating the occurrence of Transactions which among others in the form of dealing conversation, SWIFT, or other written confirmations.

Paragraph (2)

Self explanatory

Paragraph (3)

What is meant by “quotation/foreign exchange rates against Rupiah” are the buying and/or selling rates for foreign exchange against Rupiah determined by Banks and becomes the basis of the agreement to perform transactions.

Article 3

Paragraph (1)

Self explanatory

Paragraph (2)

Letter a

Domestic and overseas goods and services trading among others are in the form of business activities money changers.

Letter b

What are meant by “direct investments” are Customers’ direct investments to foreign countries.

Paragraph (3)

Letter a

Self explanatory

Letter b

In the event the companies performing funds transfer receive orders from their customers to make foreign currency purchase to meet the transfer needs of their customers, the order of the referred Customers shall not become Underlying Transactions.

Article 4

Self explanatory

Article 5

Self explanatory

Article 6

Self explanatory

Article 7

Self explanatory

Article 8

Paragraph (1)

What is meant by “full movement of funds” for Foreign Exchange Transactions against Rupiah is the transfer of funds in real terms for each sale and/or purchase transaction of foreign currencies against Rupiah in full nominal value of the transaction or its equivalent.

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Article 9

Self explanatory

Article 10

Self explanatory

Article 11

Self explanatory

Article 12

Paragraph (1)

Letter a

What is meant by ”final Underlying Transaction documents” are documents that will never change in terms of amount and/or time for fulfilling its needs.

Letter b

Number 1

Self explanatory

Number 2

In the event the Customer constitutes a business entity other than Bank, what is meant by

“authorized ...

“authorized party” is the official who represents the concerned business entity based on articles of association or the official appointed through a letter of authority.

In the event the Customer is an individual, what is meant by “authorized party” is him/herself or the authorized party.

Paragraph (2)

Letter a

What is meant by “final Underlying Transaction documents” are documents that will not change in terms of amount and/or time for meeting its needs.

Letter b

In the event the Customer constitutes a business entity other than Bank, what is meant by “authorized party” is the official who represents the concerned business entity based on articles of association or the official appointed through a power of attorney letter.

In the event the Customer is an individual, what is meant by “authorized party” is him/herself or the authorized party.

Paragraph (3)

What is meant by “authenticated statement” is a statement that has been verified and its validity proven by system.

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

Article 13

Self explanatory

Article 14

Self explanatory

Article 15

Self explanatory

Article 16

Paragraph (1)

What is meant by “structured products” are products issued by Banks which are a combination of various instruments with Derivative Transactions of foreign currencies against Rupiah for the purpose of gaining additional income (return enhancement) that can motivate Foreign Exchange Transactions against Rupiah for speculative purposes and can cause Rupiah instability;

Paragraph (2)

Including Banks as sales agents of offshore structured products related to foreign exchange against Rupiah.

Article 17

Paragraph (1)

What is meant by “Lending or Financing” is the provision of cash or claims that can be equated thereto, based on consent or loan agreement between Banks and other parties that require the borrowers to repay its debts after certain term with interests or yields, including the takeover of bills for the purpose of activities of factoring and taking-over or credit purchase from other parties.

Paragraph (2)

What is meant by “export and/or import activities” are:

- a. sending out goods and/or services from the territory of Indonesia (export);
- b. bring goods and/or services into the territory of Indonesia (import); and/or
- c. domestic trading activities related to letter a and letter b mentioned above.

Paragraph ...

Paragraph (3)

Self explanatory

Article 18

Paragraph (1)

What are meant by “overdrafts” are negative balances in the checking accounts of Customers that cannot be settled at the end of the day.

Paragraph (2)

Self explanatory

Article 19

Self explanatory

Article 20

Self explanatory

Article 21

Self explanatory

Article 22

Self explanatory

Article 23

Self explanatory

Article 24

Self explanatory